

PACIFIC BELL
Calculation of SPF Phase Down Effect on BFP
\$000

TRANSITIONAL SPF IMPACT ON REVENUE REQUIREMENT								
REVENUE REQUIREMENT	SOURCE	PAY	BFP	CCL=PAY+BFP	TS	SA	IX	TOTAL
1. 91 Actuals with 91/92 SPF		31,738	658,792	690,530	503,916	208,636	881	1,403,963
2. 91 Actuals with 92/93 SPF		31,744	658,924	690,668	503,920	208,638	881	1,404,107
3. Difference	Ln 2 - Ln 1	6	131	138	5	2	0	144
4. Distribution of Line 1		4.60%	95.40%	100.00%				
5. Distribution of Line 2		4.60%	95.40%	100.00%				
6. 1991 Requires 2 Adj to get to .25 SPF	2 x Ln 3		262					
7. 1992 Requires 1 Adj to get to .25 SPF	Ln 3		131					

Note: The 1993 Actuals contain a 25% Interstate SPF.

The 1992 Annual Tariff Filing Exogenous impacts were used to calculate the 1991 and 1992 SPF Adjustments.

The Total SPF Exogenous adjustment, Ln 3, of \$144 ties to the 1992 EXG-1.

PACIFIC BELL
Calculation of Transitional DEM Effect on BFP
\$000

TRANSITIONAL DEM IMPACT ON REVENUE REQUIREMENT								
REVENUE REQUIREMENT	SOURCE	A PAY	B BFP	C CCL	D TS	E SA	F IX	G TOTAL
1. 91 Actuals with 91/92 DEM		31,744	658,924	690,668	503,920	208,638	881	1,404,107
2. 91 Actuals with 92/93 DEM		31,826	659,596	691,422	491,029	209,428	881	1,392,760
3. Difference	Ln 2 - Ln 1	82	673	754	(12,891)	790	0	(11,347)
4. Distribution to Pay and BFP		4.60%	95.40%	100.00%				
5. Distribution to Pay and BFP		4.60%	95.40%	100.00%				
6. 1991 Requires 2 Adj to get to full DEM	2 x Ln 3							1,345
7. 1992 Requires 2/3 Adj to get to full DEM	2/3 * Ln 3							448

Note: The 1993 Actuals contain a full DEM (transition complete).
The 1992 Annual Tariff Filing Exogenous impacts were used to calculate the 1991 and 1992 DEM Adjustments.
The Total DEM Exogenous adjustment, Ln 3G, of (\$11,347) ties to the 1992 EXG-1.

Effectively, the calculation of the difference between tariff years on Line 3 represents a change in the "A" component of 0.15. The blended "A" component for 1991-92 is 0.20 $((0.30+0.10)/2)$ while the blended number for 1992-93 is 0.05 $((0.10+0.00)/2)$. The difference between the 1991 and 1993 calendar years is 0.30 while the difference is 0.10 between 1992 and 1993 calendar years. Therefore, the difference on Line 3 needs to be multiplied by 2 $(0.30/0.15)$ to get the adjustment for 1991. Similarly, the difference on Line 3 needs to be multiplied by 2/3 $(0.10/0.15)$ to get the adjustment for 1992.

PACIFIC BELL
GSF Adjustment
\$000

<u>Ln #</u>	<u>Description</u>	<u>Source</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
1.	1993 BFP Rev Req with 12 mo. of GSF Change	BFP-7, Ln 96			821,854
2.	1993 BFP Rev Req with 0 mo. of GSF Change	BFP-8, Ln 96			724,472
3.	Annual GSF Impact to BPF	Ln 1-Ln 2			97,381
4.	Additional 6 mo '93 BFP Rev Req due to GSF change	Ln 3 x .5			48,691
5.	Ratio of Ln 1 to Ln 2 to Gross up 92 & 91	Ln 1/Ln 2			1.1344
6.	1992 Actual BFP Rev Req	BFP-1, Ln 11		674,304	
7.	1992 BFP Rev Req grossed up for GSF	Ln 6 x Ln 5		764,942	
8.	Additional '92 BFP Rev Req due to GSF change	Ln 7 - Ln 6		90,638	
9.	1991 Actual BFP Rev Req	BFP-1, Ln 11	683,241		
10.	1991 BFP Rev Req grossed up for GSF	Ln 9 x Ln 5	775,080		
11.	Additional '91 BFP Rev Req due to GSF change	Ln 10 - Ln 9	91,839		

PACIFIC BELL
Calculation of Change to 1993 BFP Revenue Requirement
With GSF Rule (69.307) In Effect 12 Months Instead of 6
\$000s

LN #	DESCRIPTION	SOURCE	TOTAL IS	PAY	BFP	CL	TS	SA	IX
REVISIONS TO ALLOCATION FACTORS									
General support facilities									
1	Basis per existing 1993 blended old & new Pt 69.307	FCC 43-04, Row 1003	3,324,679	60,583	1,395,951	1,456,534	1,283,201	584,487	457
2.1	C&W Cat 1.3 Msg Inv	FCC 43-04, Row 1460	2,185,252	28,189	2,157,063	2,185,252	-	-	-
2.2	50% of C&W Cat 1.3 Msg Inv	Ln 2.1 * 0.5	1,092,626	14,095	1,078,532	1,092,626	-	-	-
3	New Pt 69.307 basis - full year	Ln 1 + Ln 2.2	4,417,305	74,678	2,474,483	2,549,160	1,283,201	584,487	457
4	Blended factors in 1993	Ln 1 / Ln 1 Tot	1.0000	0.0182	0.4199	0.4381	0.3860	0.1758	0.0001
5	Revised Factors	Ln 3/ Ln 3 Tot	1.0000	0.0169	0.5602	0.5771	0.2905	0.1323	0.0001
6	GSF Inv	Ln 6 Tot * Ln 4	777,890	14,175	326,617	340,792	300,236	136,755	107
7	GSF restated	Ln 7 Tot * Ln 5	777,890	13,151	435,758	448,909	225,972	102,929	80
8	Allocation Change	Ln 7 - Ln 6	-	(1,024)	109,141	108,117	(74,264)	(33,827)	(26)
Pt 69.309 combined investment									
Excluding Equal Access									
9	Combined investment	Local Records	5,195,196	88,852	2,801,100	2,889,952	1,583,438	721,242	564
10	GSF Allocation Change	Ln 8	-	(1,024)	109,141	108,117	(74,264)	(33,827)	(26)
11	Revised Investment	Ln 9 + Ln 10	5,195,196	87,828	2,910,241	2,998,069	1,509,174	687,415	538
12	Factors as used in 1993	Ln 9 / Ln 9 Tot	1.0000	0.0171	0.5392	0.5563	0.3048	0.1388	0.0001
13	Revised Factors	Ln 11 / Ln 11 Tot	1.0000	0.0169	0.5602	0.5771	0.2905	0.1323	0.0001
Including Equal Access									
14	Combined investment	FCC 43-04, Row 2162	5,232,468	88,852	2,801,100	2,889,952	1,620,711	721,242	564
15	GSF Allocation Change	Ln 8	-	(1,024)	109,141	108,117	(74,264)	(33,827)	(26)
16	Revised Investment	Ln 14 + Ln 15	5,232,468	87,828	2,910,241	2,998,069	1,546,447	687,415	538
17	Factors as used in 1993	Ln 14 / Ln 14 Tot	1.0000	0.0170	0.5353	0.5523	0.3097	0.1378	0.0001
18	Revised Factors	Ln 16 / Ln 16 Tot	1.0000	0.0168	0.5562	0.5730	0.2955	0.1314	0.0001
Total Acct 2001 Telephone Plant in Service									
19	TPIS	FCC 43-04, Row 2194	5,236,886	89,612	2,818,605	2,908,217	1,599,528	728,571	569
20	GSF Allocation Change	Ln 8	-	(1,024)	109,141	108,117	(74,264)	(33,827)	(26)
21	Revised Investment	Ln 19 + Ln 20	5,236,886	88,588	2,927,746	3,016,334	1,525,264	694,744	543
22	Factors as used in 1993	Ln 19 / Ln 19 Tot	1.0000	0.0171	0.5382	0.5553	0.3054	0.1391	0.0001
23	Revised Factors	Ln 21 / Ln 21 Tot	1.0000	0.0169	0.5591	0.5760	0.2913	0.1327	0.0001
Pt 69.309 allocation factors excluding information, special access & interexchange investment (per Pt 69.406)									
24	Combined investment	Local Records	4,506,445	88,852	2,801,100	2,889,952	1,616,493	-	-
25.1	Info inv embedded in Ln 1	FCC 43-04, Row 1003					3,418		
25.2	Blended GSF factor for info	Ln 25.1 / Ln 1 Tot					0.0010		
25.3	Revised GSF factor for info	Ln 25.1 / Ln 3 Tot					0.0008		
25.4	GSF Allocation Change - Info	Ln 6 Tot * (Ln 25.2- Ln 25.1)					(198)		

PACIFIC BELL
Calculation of Change to 1993 BFP Revenue Requirement
With GSF Rule (69.307) In Effect 12 Months Instead of 6
\$000s

LN #	DESCRIPTION	SOURCE	TOTAL IS	PAY	BFP	CL	TS	SA	IX
25.5	GSF Alloc Change excl Info	Ln 8 - Ln 25.4	34,051	(1,024)	109,141	108,117	(74,066)	-	-
26	Revised Investment	Ln 24 + Ln 25	4,540,496	87,828	2,910,241	2,998,069	1,542,427		
27	Factors as used in 1993	Ln 24 / Ln 24 Tot	1.0000	0.0197	0.6216	0.6413	0.3587		
28	Revised Factors	Ln 26 / Ln 26 Tot	1.0000	0.0193	0.6410	0.6603	0.3397		
Pt 69.2(f) "Big Three Expenses Factor"									
29	Big Three Expenses	FCC 43-04, Row 7333	594,008	12,087	294,273	306,360	164,613	78,796	544
30	Allocation Change	Ln 73	-	(96)	9,996	9,900	(6,854)	(3,044)	(2)
31	Revised Expenses	Ln 29 + Ln 30	594,008	11,991	304,269	316,260	157,759	75,752	542
32	Factors as used in 1993	Ln 29 / Ln 29 Tot	1.0000	0.0203	0.4954	0.5158	0.2771	0.1327	0.0009
33	Revised Factors	Ln 31/ Ln 31 Tot	1.0000	0.0202	0.5122	0.5324	0.2656	0.1275	0.0009
Pt 69.408 Combined Expense in Acct 6620 Cats 1 & 2									
34	LBO costs before change	FCC 43-04, Row 7302	83,403	1,632	19,304	20,936	12,739	9,114	451
35	Allocation Change	Ln 70	-	(2)	90	88	(88)	-	-
36	Revised LBO costs	Ln 34 + Ln 35	83,403	1,630	19,394	21,024	12,651	9,114	451
37	Factors as used in 1993	Ln 34 / Ln 34 Tot	1.0000	0.0196	0.2315	0.2510	0.1527	0.1093	0.0054
38	Revised Factors	Ln 36 / Ln 36 Tot	1.0000	0.0195	0.2325	0.2521	0.1517	0.1093	0.0054

AVERAGE NET INVESTMENT

GSF investment (allocations per Pt 69.307)									
39	General Support Facilities	FCC 43-04, Row 1000	777,890						
40	Tangible assets rtd to GSF	FCC 43-04, Row 2150	41,687						
41	Reserves rtd to GSF	FCC 43-04, Rows 3010+3230	291,984						
42	Deferred Taxes	FCC 43-04, Rows 3280+3350	73,077						
43	Net Investment	Ln 39 + Ln 40 - Ln 41 - Ln 42	454,516						
44	Allocation change	Ln 43 Tot * (Ln 5 - Ln 4)	-	(598)	63,770	63,172	(43,392)	(19,765)	(15)
Allocations per Pt 69.309									
Excluding Equal Access									
45	Long term plant under const	FCC 43-04, Row 2192	28,810						
46	FCC investment adj	FCC 43-04, Row 2250 less PSV	(29,855)						
47	FCC reserve adj	FCC 43-04, Rows 3421 + 3423	161,119						
48	Net Investment	Ln 45 + Ln 46 - Ln 47	(162,164)						
49	Allocation change	Ln 48 Tot * (Ln 13 - Ln 12)	-	32	(3,407)	(3,375)	2,318	1,056	1
Including Equal Access									
50	Cash & working capital	FCC 43-04, Row 2230	(43,220)						
51	Materials and supplies	FCC 43-04, Row 2224	17,451						
52	Customer deposits	FCC 43-04, Row 3422	5,735						
53	Net Investment	Ln 50 + Ln 51 - Ln 52	(31,504)						
54	Allocation change	Ln 53 Tot * (Ln 18 - Ln 17)	-	6	(657)	(651)	447	204	0

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LN #	DESCRIPTION	SOURCE	TOTAL IS	PAY	BFP	CL	TS	SA	IX
Allocations per Pt 69.302(b)									
55	Acct 2002, PHFU	FCC 43-04, Row 2190	367						
56	Acct 2003, short term construct	FCC 43-04, Row 2191	83,721						
57	Acct 2005, telecomm plant adj	FCC 43-04, Row 2193	(6)						
58	Net Investment	Ln 55 + Ln 56 + Ln 57	84,082						
59	Allocation change	Ln 58 Tot * (Ln 23 - Ln 22)	-	(16)	1,752	1,736	(1,192)	(543)	(0)
60	Total Change in ANI	Ln 44 + Ln 49 + Ln 54 + Ln 59	-	(577)	61,459	60,882	(41,819)	(19,048)	(15)
EXPENSE LESS DEPRECIATION									
Big Three Expenses									
61	Acct 6110 network support	FCC 43-04, Row 5000	1,745						
62	Allocation change [Based on Pt 69.309 per Pt 69.401(a)(1)]	Ln 61 Tot * (Ln 18 - Ln 17)	-	(0)	36	36	(25)	(11)	(0)
63	Acct 6120 plant specific GSF	FCC 43-04, Row 5010	59,235						
64	Allocation change [Based on Pt 69.307 per Pt 69.401(a)(2)]	Ln 63 Tot * (Ln 5 - Ln 4)	-	(78)	8,311	8,233	(5,655)	(2,576)	(2)
65	Acct 6610 cust oper marketing	FCC 43-04, Row 6999	70,603						
66	Allocation change [Based on Pt 69.309 per Pt 69.403]	Ln 65 Tot * (Ln 18 - Ln 17)	-	(14)	1,473	1,459	(1,002)	(456)	(0)
LBO expense in acct 6620									
67	End user presubscription	FCC 43-04, Row 7207	2,781						
68	Interexchange carrier services	FCC 43-04, Row 7211	1,856						
69	Total expense	Ln 67 + Ln 68	4,637						
70	Allocation change [Based on Pt 69.309 per Pt 69.406]	Ln 69 Tot * (Ln 28 - Ln 27)	-	(2)	90	88	(88)	-	-
71	Other LBO expense	FCC 43-04, Row 7310	79,644						
72	Allocation change [Based on Pt 69.408]	Ln 71 Tot * (Ln 38 - Ln 37)	-	(2)	86	84	(84)	-	-
73	Total "Big Three Exp" Change	Ln 62 + Ln 64 + Ln 66 + Ln 70 + Ln 72	-	(96)	9,996	9,900	(6,854)	(3,044)	(2)
74	Acct 6710 & 6720 corp ops	FCC 43-04, Row 7331	184,017						
75	Allocation change [Based on Big Three Exp per Pt 69.409]	Ln 74 Tot * (Ln 33 - Ln 32)	-	(30)	3,097	3,067	(2,123)	(943)	(1)
Other expenses [Based on Pt 69.309 per Pt 69.411]									
76	FCC expense adj	FCC 43-04, Row 7350	242						
77	Allocation change	Ln 76 Tot * (Ln 13 - Ln 12)	-	(0)	5	5	(3)	(2)	(0)

PACIFIC BELL
Calculation of Change to 1993 BFP Revenue Requirement
With GSF Rule (69.307) In Effect 12 Months Instead of 6
\$000s

LN #	DESCRIPTION	SOURCE	TOTAL IS	PAY	BFP	CL	TS	SA	IX
78	Special charges	FCC 43-04, Row 4072	617						
79	Allocation change	Ln 78 Tot * (Ln 18 - Ln 17)	-	(0)	13	13	(9)	(4)	(0)
80	Total Expense Less Depreciation Change	Ln 73 + Ln 75 + Ln 77 + Ln 79	-	(125)	13,110	12,985	(8,990)	(3,992)	(3)
DEPRECIATION EXPENSE									
81	GSF	FCC 43-04, Row 6020	56,575						
82	Amortized assets	FCC 43-04, Row 6240	3,808						
83	Total	Ln 81 + Ln 82	60,383						
84	Allocation change	Ln 83 Tot * (Ln 5 - Ln 4)	-	(79)	8,472	8,392	(5,765)	(2,626)	(2)
	[Based on Pt 69.307 per Pt 69.401(a)(2)]								
TAX ITEMS									
	[Based on Pt 69.309]								
85	Non-income taxes	FCC 43-04, Row 8003 * (Ln 13 - Ln 12)	38,581	(8)	811	803	(552)	(251)	(0)
86	ITC Amortization	FCC 43-04, Row 8015* (Ln 13 - Ln 12)	10,350	(2)	217	215	(148)	(67)	(0)
87	IRS income adj	FCC 43-04, Row 8013 * (Ln 18 - Ln 17)	15,933	(3)	332	329	(226)	(103)	(0)
88	FCC income adj	FCC 43-04, Row 8014 * (Ln 18 - Ln 17)	775	(0)	16	16	(11)	(5)	(0)
89	Fixed charges	FCC 43-04, Row 8010 * (Ln 13 - Ln 12)	89,478	(18)	1,880	1,862	(1,279)	(583)	(0)
90	Federal Income Tax change	(Ln 93 - Ln 89 + Ln 87 + Ln 88 - Ln 86) * (0.35/(1 - 0.35)) - Ln 86		(24)	2,564	2,540	(1,745)	(795)	(1)
91	State Income Tax change	(Ln 93 + Ln 90 - Ln 89 + Ln 88) * (0.093/(1 - 0.093))		(8)	815	807	(554)	(253)	(0)
92	Total Taxes	Ln 85 + Ln 90 + Ln 91		(39)	4,189	4,150	(2,851)	(1,298)	(1)
RETURN									
93	Return @ 11.25% change	Ln 60 * 0.1125	-	(65)	6,914	6,849	(4,705)	(2,143)	(2)
REVENUE REQUIREMENT									
94	Revenue Requirement Change	Ln 80 + Ln 84 + Ln 92 + Ln 93	-	(309)	32,685	32,376	(22,310)	(10,059)	(8)
95	Base Revenue Requirement	Actual Rev Req, Ln 11			<u>789,168</u>				
96	Revenue Requirement w/	Ln 94 + Ln 95			821,854				
	GSF Rule (Pt 69.307) in Effect 12 Months								

PACIFIC BELL
Calculation of Change to 1993 BFP Revenue Requirement
With GSF Rule (69.307) In Effect 0 Months Instead of 6
\$000s

LN #	DESCRIPTION	SOURCE	TOTAL IS	PAY	BFP	CL	TS	SA	IX
REVISIONS TO ALLOCATION FACTORS									
General support facilities									
1	Basis per existing 1993 blended old & new Pt 69.307	FCC 43-04, Row 1003	3,324,679	60,583	1,395,951	1,456,534	1,283,201	584,487	457
2.1	C&W Cat 1.3 Msg Inv	FCC 43-04, Row 1460	2,185,252	28,189	2,157,063	2,185,252	-	-	-
2.2	50% of C&W Cat 1.3 Msg Inv	Ln 2.1 * 0.5	1,092,626	14,095	1,078,532	1,092,626	-	-	-
3	Old Pt 69.307 basis - full year	Ln 1 - Ln 2.2	2,232,053	46,489	317,420	363,908	1,283,201	584,487	457
4	Blended factors in 1993	Ln 1 / Ln 1 Tot	1.0000	0.0182	0.4199	0.4381	0.3860	0.1758	0.0001
5	Revised Factors	Ln 3/ Ln 3 Tot	1.0000	0.0208	0.1422	0.1630	0.5749	0.2619	0.0002
6	GSF Inv	Ln 6 Tot * Ln 4	777,890	14,175	326,617	340,792	300,236	136,755	107
7	GSF restated	Ln 7 Tot * Ln 5	777,890	16,202	110,623	126,825	447,207	203,699	159
8	Allocation Change	Ln 7 - Ln 6	-	2,027	(215,993)	(213,967)	146,971	66,944	52
Pt 69.309 combined investment									
Excluding Equal Access									
9	Combined investment	Local Records	5,195,196	88,852	2,801,100	2,889,952	1,583,438	721,242	564
10	GSF Allocation Change	Ln 8	-	2,027	(215,993)	(213,967)	146,971	66,944	52
11	Revised Investment	Ln 9 + Ln 10	5,195,196	90,879	2,585,107	2,675,985	1,730,409	788,186	616
12	Factors as used in 1993	Ln 9 / Ln 9 Tot	1.0000	0.0171	0.5392	0.5563	0.3048	0.1388	0.0001
13	Revised Factors	Ln 11 / Ln 11 Tot	1.0000	0.0175	0.4976	0.5151	0.3331	0.1517	0.0001
Including Equal Access									
14	Combined investment	FCC 43-04, Row 2162	5,232,468	88,852	2,801,100	2,889,952	1,620,711	721,242	564
15	GSF Allocation Change	Ln 8	-	2,027	(215,993)	(213,967)	146,971	66,944	52
16	Revised Investment	Ln 14 + Ln 15	5,232,468	90,879	2,585,107	2,675,985	1,767,682	788,186	616
17	Factors as used in 1993	Ln 14 / Ln 14 Tot	1.0000	0.0170	0.5353	0.5523	0.3097	0.1378	0.0001
18	Revised Factors	Ln 16 / Ln 16 Tot	1.0000	0.0174	0.4941	0.5114	0.3378	0.1506	0.0001
Total Acct 2001 Telephone Plant in Service									
19	TPIS	FCC 43-04, Row 2194	5,236,886	89,612	2,818,605	2,908,217	1,599,528	728,571	569
20	GSF Allocation Change	Ln 8	-	2,027	(215,993)	(213,967)	146,971	66,944	52
21	Revised Investment	Ln 19 + Ln 20	5,236,886	91,639	2,602,612	2,694,250	1,746,499	795,515	621
22	Factors as used in 1993	Ln 19 / Ln 19 Tot	1.0000	0.0171	0.5382	0.5553	0.3054	0.1391	0.0001
23	Revised Factors	Ln 21 / Ln 21 Tot	1.0000	0.0175	0.4970	0.5145	0.3335	0.1519	0.0001
Pt 69.309 allocation factors excluding information, special access & interexchange investment (per Pt 69.406)									
24	Combined investment	Local Records	4,506,445	88,852	2,801,100	2,889,952	1,616,493	-	-
25.1	Info inv embedded in Ln 1	FCC 43-04, Row 1003	-	-	-	-	3,418	-	-
25.2	Blended GSF factor for info	Ln 25.1 / Ln 1 Tot	-	-	-	-	0.0010	-	-
25.3	Revised GSF factor for info	Ln 25.1 / Ln 3 Tot	-	-	-	-	0.0015	-	-
25.4	GSF Allocation Change - Info	Ln 6 Tot * (Ln 25.2- Ln 25.1)	-	-	-	-	391	-	-

PACIFIC BELL
Calculation of Change to 1993 BFP Revenue Requirement
With GSF Rule (69.307) In Effect 0 Months Instead of 6
\$000s

LN #	DESCRIPTION	SOURCE	TOTAL IS	PAY	BFP	CL	TS	SA	IX
25.5	GSF Alloc Change excl Info	Ln 8 - Ln 25.4	(67,388)	2,027	(215,993)	(213,967)	146,579	-	-
26	Revised Investment	Ln 24 + Ln 25	4,439,057	90,879	2,585,107	2,675,985	1,763,072		
27	Factors as used in 1993	Ln 24 / Ln 24 Tot	1.0000	0.0197	0.6216	0.6413	0.3587		
28	Revised Factors	Ln 26 / Ln 26 Tot	1.0000	0.0205	0.5824	0.6028	0.3972		
Pt 69.2(f) "Big Three Expenses Factor"									
29	Big Three Expenses	FCC 43-04, Row 7333	594,008	12,087	294,273	306,360	164,613	78,796	544
30	Allocation Change	Ln 73	-	189	(19,790)	(19,600)	13,572	6,023	5
31	Revised Expenses	Ln 29 + Ln 30	594,008	12,276	274,483	286,760	178,185	84,819	549
32	Factors as used in 1993	Ln 29 / Ln 29 Tot	1.0000	0.0203	0.4954	0.5158	0.2771	0.1327	0.0009
33	Revised Factors	Ln 31/ Ln 31 Tot	1.0000	0.0207	0.4621	0.4828	0.3000	0.1428	0.0009
Pt 69.408 Combined Expense in Acct 6620 Cats 1 & 2									
34	LBO costs before change	FCC 43-04, Row 7302	83,403	1,632	19,304	20,936	12,739	9,114	451
35	Allocation Change	Ln 70	-	4	(182)	(178)	178	-	-
36	Revised LBO costs	Ln 34 + Ln 35	83,403	1,636	19,122	20,758	12,917	9,114	451
37	Factors as used in 1993	Ln 34 / Ln 34 Tot	1.0000	0.0196	0.2315	0.2510	0.1527	0.1093	0.0054
38	Revised Factors	Ln 36 / Ln 36 Tot	1.0000	0.0196	0.2293	0.2489	0.1549	0.1093	0.0054

AVERAGE NET INVESTMENT

GSF investment (allocations per Pt 69.307)									
39	General Support Facilities	FCC 43-04, Row 1000	777,890						
40	Tangible assets rld to GSF	FCC 43-04, Row 2150	41,687						
41	Reserves rld to GSF	FCC 43-04, Rows 3010+3230	291,984						
42	Deferred Taxes	FCC 43-04, Rows 3280+3350	73,077						
43	Net Investment	Ln 39 + Ln 40 - Ln 41 - Ln 42	454,516						
44	Allocation change	Ln 43 Tot * (Ln 5 - Ln 4)	-	1,184	(126,204)	(125,019)	85,874	39,115	31
Allocations per Pt 69.309									
Excluding Equal Access									
45	Long term plant under const	FCC 43-04, Row 2192	28,810						
46	FCC investment adj	FCC 43-04, Row 2250 less PSV	(29,855)						
47	FCC reserve adj	FCC 43-04, Rows 3421 + 3423	161,119						
48	Net Investment	Ln 45 + Ln 46 - Ln 47	(162,164)						
49	Allocation change	Ln 48 Tot * (Ln 13 - Ln 12)	-	(63)	6,742	6,679	(4,588)	(2,090)	(2)
Including Equal Access									
50	Cash & working capital	FCC 43-04, Row 2230	(43,220)						
51	Materials and supplies	FCC 43-04, Row 2224	17,451						
52	Customer deposits	FCC 43-04, Row 3422	5,735						
53	Net Investment	Ln 50 + Ln 51 - Ln 52	(31,504)						
54	Allocation change	Ln 53 Tot * (Ln 18 - Ln 17)	-	(12)	1,300	1,288	(885)	(403)	(0)

PACIFIC BELL
Calculation of Change to 1993 BFP Revenue Requirement
With GSF Rule (69.307) In Effect 0 Months Instead of 6
\$000s

LN #	DESCRIPTION	SOURCE	TOTAL IS	PAY	BFP	CL	TS	SA	IX
Allocations per Pt 69.302(b)									
55	Acct 2002, PHFU	FCC 43-04, Row 2190	367						
56	Acct 2003, short term construct	FCC 43-04, Row 2191	83,721						
57	Acct 2005, telecomm plant adj	FCC 43-04, Row 2193	(6)						
58	Net Investment	Ln 55 + Ln 56 + Ln 57	84,082						
59	Allocation change	Ln 58 Tot * (Ln 23 - Ln 22)	-	33	(3,468)	(3,435)	2,360	1,075	1
60	Total Change in ANI	Ln 44 + Ln 49 + Ln 54 + Ln 59	-	1,141	(121,629)	(120,488)	82,761	37,697	29
EXPENSE LESS DEPRECIATION									
Big Three Expenses									
61	Acct 6110 network support	FCC 43-04, Row 5000	1,745						
62	Allocation change [Based on Pt 69.309 per Pt 69.401(a)(1)]	Ln 61 Tot * (Ln 18 - Ln 17)	-	1	(72)	(71)	49	22	0
63	Acct 6120 plant specific GSF	FCC 43-04, Row 5010	59,235						
64	Allocation change [Based on Pt 69.307 per Pt 69.401(a)(2)]	Ln 63 Tot * (Ln 5 - Ln 4)	-	154	(16,448)	(16,293)	11,192	5,098	4
65	Acct 6610 cust oper marketing	FCC 43-04, Row 6999	70,603						
66	Allocation change [Based on Pt 69.309 per Pt 69.403]	Ln 65 Tot * (Ln 18 - Ln 17)	-	27	(2,914)	(2,887)	1,983	903	1
LBO expense in acct 6620									
67	End user presubscription	FCC 43-04, Row 7207	2,781						
68	Interexchange carrier services	FCC 43-04, Row 7211	1,856						
69	Total expense	Ln 67 + Ln 68	4,637						
70	Allocation change [Based on Pt 69.309 per Pt 69.406]	Ln 69 Tot * (Ln 28 - Ln 27)	-	4	(182)	(178)	178	-	-
71	Other LBO expense	FCC 43-04, Row 7310	79,644						
72	Allocation change [Based on Pt 69.408]	Ln 71 Tot * (Ln 38 - Ln 37)	-	3	(174)	(170)	170	-	-
73	Total "Big Three Exp" Change	Ln 62 + Ln 64 + Ln 66 + Ln 70 + Ln 72	-	189	(19,790)	(19,600)	13,572	6,023	5
74	Acct 6710 & 6720 corp ops	FCC 43-04, Row 7331	184,017						
75	Allocation change [Based on Big Three Exp per Pt 69.409]	Ln 74 Tot * (Ln 33 - Ln 32)	-	59	(6,131)	(6,072)	4,205	1,866	1
Other expenses [Based on Pt 69.309 per Pt 69.411]									
76	FCC expense adj	FCC 43-04, Row 7350	242						
77	Allocation change	Ln 76 Tot * (Ln 13 - Ln 12)	-	0	(10)	(10)	7	3	0

PACIFIC BELL
Calculation of Change to 1993 BFP Revenue Requirement
With GSF Rule (69.307) In Effect 0 Months Instead of 6
\$000s

LN #	DESCRIPTION	SOURCE	TOTAL IS	PAY	BFP	CL	TS	SA	IX
78	Special charges	FCC 43-04, Row 4072	617						
79	Allocation change	Ln 78 Tot * (Ln 18 - Ln 17)	-	0	(25)	(25)	17	8	0
80	Total Expense Less Depreciation Change	Ln 73 + Ln 75 + Ln 77 + Ln 79	-	248	(25,956)	(25,708)	17,801	7,900	6
DEPRECIATION EXPENSE									
81	GSF	FCC 43-04, Row 6020	56,575						
82	Amortized assets	FCC 43-04, Row 6240	3,808						
83	Total	Ln 81 + Ln 82	60,383						
84	Allocation change	Ln 83 Tot * (Ln 5 - Ln 4)	-	157	(16,766)	(16,609)	11,408	5,196	4
	[Based on Pt 69.307 per Pt 69.401(a)(2)]								
TAX ITEMS									
	[Based on Pt 69.309]								
85	Non-income taxes	FCC 43-04, Row 8003 * (Ln 13 - Ln 12)	38,581	15	(1,604)	(1,589)	1,091	497	0
86	ITC Amortization	FCC 43-04, Row 8015* (Ln 13 - Ln 12)	10,350	4	(430)	(426)	293	133	0
87	IRS income adj	FCC 43-04, Row 8013 * (Ln 18 - Ln 17)	15,933	6	(658)	(652)	448	204	0
88	FCC income adj	FCC 43-04, Row 8014 * (Ln 18 - Ln 17)	775	0	(32)	(32)	22	10	0
89	Fixed charges	FCC 43-04, Row 8010 * (Ln 13 - Ln 12)	89,478	35	(3,720)	(3,685)	2,531	1,153	1
90	Federal Income Tax change	(Ln 93 - Ln 89 + Ln 87 + Ln 88 - Ln 86) * (0.35/(1 - 0.35)) - Ln 86		48	(5,074)	(5,027)	3,453	1,573	1
91	State Income Tax change	(Ln 93 + Ln 90 - Ln 89 + Ln 88) * (0.093/(1 - 0.093))		15	(1,613)	(1,597)	1,097	500	0
92	Total Taxes	Ln 85 + Ln 90 + Ln 91		78	(8,291)	(8,213)	5,641	2,570	2
RETURN									
93	Return @ 11.25% change	Ln 60 * 0.1125	-	128	(13,683)	(13,555)	9,311	4,241	3
REVENUE REQUIREMENT									
94	Revenue Requirement Change	Ln 80 + Ln 84 + Ln 92 + Ln 93	-	612	(64,696)	(64,084)	44,162	19,907	16
95	Base Revenue Requirement	Actual Rev Req, Ln 11			<u>789,168</u>				
96	Revenue Requirement w/ GSF Rule (Pt 69.307) in Effect 0 Months	Ln 94 + Ln 95			<u>724,472</u>				

PACIFIC BELL
Calculation of OPEB (RAO 20) Effect on BFP
\$000s

DESCRIPTION	SOURCE	1993	1994
1. Acct 4310 Related to OPEB, Subject to Separations	Local Records	285,043	354,743
2. Total Acct 4310, Subject to Separations	Local Records	877,100	1,112,436
3. Total Acct 4310, Interstate BFP	FCC 43-04, Row 3421(g)	85,286	116,529
4. Rto: Acct 4310 Interstate BFP/Subject to Separations	Ln 3 / Ln 2	9.7236%	10.4751%
5. Acct 4310 Related to OPEB, Interstate BFP	Ln 1 * Ln 4	27,717	37,160
6. Return @ 11.25%	Ln 5 * 0.1125	3,118	4,180
7. Composite Tax Factor	$0.093 + (0.35 * (1 - 0.093))$	41.0450%	41.0450%
8. Tax Allowance	Ln 6 * Ln 7 / (1 - Ln 7)	2,171	2,910
9. Revenue Requirement of Acct 4310 OPEB in IS BFP	Ln 6 + Ln 8	5,289	7,091

Notes: Composite tax factor includes both the state income tax rate (9.3%) and the federal income tax rate (35%). State income tax is deductible in calculating federal income tax.
Row 3421 of the FCC 43-04 contains only Account 4310 amounts.

PACIFIC BELL

Appendix B Calculation of BFP Revenue Requirement

Normalized Actual Revenue Requirements for Calendar Years 1991 - 1996

<u>Ln #</u>	<u>Description</u>	<u>Source</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
1.	Actual Rev Req	BFP - 1, Line 11	683,241	674,304	789,168	816,158	874,330	867,339
2.	GSF	BFP - 6, Lines 11,8,	91,839	90,638	48,691			
3.	SPF	BFP - 4, Lines 6,7	262	131				
4.	DEM	BFP - 5, Lines 6,7	1,345	448				
5.	Normalized Rev Req, Series 1	Ln 1..4	776,688	765,522	837,859	816,158	874,330	867,339
6.	RAO 20 (OPEB)	BFP - 9, Line 9		0	5,289	7,091	0	0
7.	Normalized Rev Req, Series 2	Ln 5..6	776,688	765,522	843,148	823,248	874,330	867,339
Year Over Year Comparisons for Series 1								
8.	Amount Change from Prior Year	Ln 5 (t) - Ln 5 (t-1)	N/A	(11,166)	72,337	(21,702)	58,173	(6,991)
9.	Percent Change from Prior Year	Ln 8 (t) / Ln 5 (t-1)	N/A	-1.4%	9.4%	-2.6%	7.1%	-0.8%
Year Over Year Comparisons for Series 2								
10.	Amount Change from Prior Year	Ln 7 (t) - Ln 7 (t-1)	N/A	(11,166)	77,626	(19,900)	51,082	(6,991)
11.	Percent Change from Prior Year	Ln 10 (t) / Ln 7 (t-1)	N/A	-1.4%	10.1%	-2.4%	6.2%	-0.8%

PACIFIC BELL
Unusual or One-Time Expense Bookings
Calculation of Impact on Actual BFP Revenue Requirement
\$000s

Ln	Description	Source	Annual Subject to Separations	1991	1992	1993	1994	1995	1996	1997H1
1	Subject to Separations Expense Less Depreciation	43-01, Rows 1190 - 1185		4,442,713	4,309,594	4,555,550	4,360,105	4,612,726	4,270,143	2,378,364
2	Interstate BFP Expense Less Depreciation	43-01, Rows 1190 - 1185		335,010	323,332	385,566	385,869	442,001	427,573	247,970
3	Percent IS BFP/Subj Sep Exp Less Depr	Line 2 / Line 1		7.54%	7.50%	8.46%	8.85%	9.58%	10.01%	10.43%
4	Early Retirement Offer - 1991	Local Records	282,112	21,273						
5	SFAS 112 - 1993	Local Records	244,000			20,651				
6	Restructure Reserve - 1994	Local Records	138,000				12,213			
7	Restructure Reserve - 1995	Local Records	423,000					40,533		
8	Restructure Reserve - 1996	Local Records	268,000						26,835	
9	Restructure Reserve - 1997	Local Records	74,000							7,715
10	SFAS 106 Curtailment Loss - 1994 - 1997	Local Records	147,000				13,009	14,086	14,719	7,663
11	SFAS 88 - 1995	Local Records	227,650							
12	Merger Related Bookings - 1997	Local Records	109,014							11,366
13	Total Unusual or One-Time Expense Bookings	Lines 4 .. 12		21,273	-	20,651	25,222	54,619	41,554	26,744
14	Normalized Rev Req, Series 2	BFP - 10, Line 7		776,688	765,522	843,148	823,248	874,330	867,339	
15	Series 2 excluding Unusual or One-Time Expense Bookings	Line 14 - Line 13		755,415	765,522	822,497	798,026	819,712	825,785	
Year Over Year Comparisons for Adjusted Series 2										
16	Amount Change from Prior Year	Line 15(t) - Line 15(t-1)			10,107	56,975	(24,471)	21,686	6,073	
17	Percent Change from Prior Year	Line 16(t) / Line 15(t-1)			1.3%	7.4%	-3.0%	2.7%	0.7%	

Note: Amounts on Lines 4 through 12 in Columns 1991 through 1997H1 are calculated by taking amount Subject to Separations times appropriate factor on Line 3 based on year of booking indicated in description.

PACIFIC BELL
PART 69 ALLOCATION OF PAY TELEPHONE ELEMENT
& REVENUE REQUIREMENT DEVELOPMENT
PERIOD: 1996 \$000s

Row	Category (a)	Total Pay (b)	Payphone Set (c)	Payphone Line (d)	BFP (e)	Total Common Line (f=b+e)	Payphone Line + BFP (g=d+e)
A. General Support Facilities (GSF)							
1000	GSF 36/69	14,828	7,963	6,865	533,145	547,973	540,010
1003	#Inv 69	75,910	40,765	35,145			
B. Central Office Equipment (COE) (a) Basic Category 4.13 COE							
1275	Sub/Common Lin 36&69	4,018	N/A	4,018	304,222	308,240	308,240
C. Information Origination/Termination Equipment (IOT)							
1424	Public Direct 69	40,765	40,765	N/A	0	40,765	0
1425	Other IOT	0	0	0	68,548	68,548	
D. Cable and Wire Facilities (C&WF) 1. Category 1 C&WF-Exchange Line C&WF							
1455	Sub/Common Lns 36&69	31,127	N/A	31,127	2,356,580	2,387,707	2,387,707
III. Other Telecommunications Property							
A. Tangible Assets							
1. Capital Leases							
2001	GSF 36/69	121	65	56	4,352	4,473	4,408
2002	#GSF 36	14,828	7,963	6,865			
2013	Alloc Cap Lease 69	0	0	0	0	0	0
2014	#TPIS 69 (excl TA and IA)	90,738	48,728	42,010			
2. Leasehold Improvements							
2130	Tot Leas Imp 69	600	322	278	21,586	22,186	21,864
2131	#Combined Inv 69	90,738	48,728	42,010			
2150	Tot Tang Ass 36/69	721	387	334	25,938	26,659	26,272
B. Intangible Assets							
2160	Intan Ass 36/69	0	0	0	3	3	3
2162	#Combined Inv 69	90,738	48,728	42,010			
C. Other Telecommunications Plant							
2190	PHFTU 36/69	0	0	0	13	13	13
2191	TPUC Short 36/69	2,098	1,127	971	75,446	77,544	76,417

**PACIFIC BELL
PART 69 ALLOCATION OF PAY TELEPHONE ELEMENT
& REVENUE REQUIREMENT DEVELOPMENT
PERIOD: 1996 \$000s**

Row	Category (a)	Total Pay (b)	Payphone Set (c)	Payphone Line (d)	BFP (e)	Total Common Line (f=b+e)	Payphone Line + BFP (g=d+e)
2192	TPUC Long 36/69	0	0	0	0	0	0
2193	Tel Plant Adj 36/69	0	0	0	(3)	(3)	(3)
2194	#TPIS 36/COMBINED 69	90,738	48,728	42,010			
2203	Tot Oth Plant 36/69	2,098	1,127	971	75,456	77,554	76,427
D. Rural Telephone Bank Stock							
2210	Cis B RTB Stk 36/69	0	0	0	0	0	0
2212	#Combined Inv 69	90,738	48,728	42,010		90,738	42,010
E. Inventories and Cash Working Capital							
1. Inventories							
2221	All Oth Invtr 36/69	208	112	96	7,472	7,680	7,568
2223	#Combined Inv 69	90,738	48,728	42,010			
2. Cash Working Capital							
2230	CWC 36/69	(643)	(345)	(298)	(23,118)	(23,761)	(23,416)
2231	#Combined Inv 69	90,738	48,728	42,010			
2240	Tot Oth Tel Prop 36/69	2,384	1,280	1,104	85,751	88,135	86,855
F. FCC Investment Adjustment							
2250	FCC Inv Adj 36/69	0	0	0	0	0	0
2251	#Combined Inv 69	90,738	48,728	42,010			
2260	Tot Tel Pro 36/69	93,122	50,008	43,114	3,348,246	3,441,368	3,391,360
IV. Reserves and Deferrals							
B. Accumulated Depreciation							
3010	GSF 36/69	5,654	3,036	2,618	203,289	208,943	205,907
3011	#GSF 36/69	14,828	7,963	6,865			
3020-3040	COE 36/69	1,833	N/A	1,833	138,759	140,592	140,592
3021-3041	#COE 36/69	4,018	N/A	4,018			
3050	IOT 36/69	31,138	31,138	N/A	52,359	83,497	52,359
3051	#IOT 36/69	40,765	40,765	N/A			
3060	C&WF 36/69	15,863	0	15,863	1,200,945	1,216,808	1,216,808
3061	#C&WF 36/69	31,127	N/A	31,127			

PACIFIC BELL
PART 69 ALLOCATION OF PAY TELEPHONE ELEMENT
& REVENUE REQUIREMENT DEVELOPMENT
PERIOD: 1996 \$000s

Row	Category (a)	Total Pay (b)	Payphone Set (c)	Payphone Line (d)	BFP (e)	Total Common Line (f=b+e)	Payphone Line + BFP (g=d+e)
3070	PHFTU 36/69	0	0	0	0	0	0
3071	#PHFTU 36/69	0	0	0			
3080	Tot Acc Depr 36/69	54,488	34,174	20,314	1,595,352	1,649,840	1,615,666
C. Accumulated Amortization							
1. Accumulated Amortization of Tangible Assets							
a) Accumulated Amortization of Capital Leases							
3090	GSF 36/69	70	38	32	2,512	2,582	2,544
3091	#GSF 36/69	14,828	7,963	6,865			
	Alloc Cap Lease 69	0	0	0			
	#TPIS 69	90,738	48,728	42,010			
b) Accumulated Amortization of Leasehold Improvements							
3160	GSF 36/69	395	212	183	14,188	14,583	14,371
3161	#GSF 36/69	14,828	7,963	6,865			
2013	Alloc Cap Lease 69	0	0	0			
2014	#TPIS 69	90,738	48,728	42,010			
3230	Tot Tang Asst 36/69	465	250	215	16,700	17,165	16,915
2. Accumulated Amortization of Intangible Assets and Other Accumulated Amortization							
3240	Intangibles 36/69	0	0	0	2	2	2
3241	#Intan Ass 36/69	0	0	0			
3250	Other 36/69	0	0	0	0	0	0
3251	#Assd Inv 36/69	0	0	0			
3260	Tot Int/Oth 36/69	0	0	0	2	2	2
3270	Tot Acc Am 36/69	465	250	215	16,702	17,167	16,917
D. Net Current Deferred Operating Income Taxes							
3280	GSF 36/69	(71)	(38)	(33)	(2,568)	(2,639)	(2,601)
3281	#GSF 36/69	14,828	7,963	6,865			
3290-3310	COE 36/69	(22)	0	(22)	(1,658)	(1,680)	(1,680)
3291-3311	#COE 36/69	4,018	N/A	4,018			
3320	IOT 36/69	15	15	0	25	40	25
3321	#IOT 36/69	40,765	40,765	N/A			

PACIFIC BELL
PART 69 ALLOCATION OF PAY TELEPHONE ELEMENT
& REVENUE REQUIREMENT DEVELOPMENT
PERIOD: 1996 \$000s

Row	Category (a)	Total Pay (b)	Payphone Set (c)	Payphone Line (d)	BFP (e)	Total Common Line (f=b+e)	Payphone Line + BFP (g=d+e)
3330	C&WF 36/69	(81)	0	(81)	(6,107)	(6,188)	(6,188)
3331	#C&WF 36/69	31,127	N/A	31,127			
3340	Tot Net Cur 36/69	(159)	(23)	(136)	(10,308)	(10,467)	(10,444)
E. Net NonCurrent Deferred Operating Income Taxes							
3350	GSF 36/69	1,202	645	557	43,210	44,412	
3351	#GSF 36/69	14,828	7,963	6,865			
3360-3380	COE 36/69	369	0	369	27,881	28,250	28,250
3361-3381	#COE 36/69	4,018	N/A	4,018			
3390	IOT 36/69	(247)	(247)	0	(416)	(663)	(416)
3391	#IOT 36/69	40,765	40,765	N/A			
3400	C&WF 36/69	1,357	0	1,357	102,741	104,098	104,098
3401	#C&WF 36/69	31,127	N/A	31,127			
3410	Tot Net NonC 36/69	2,681	398	2,283	173,416	176,097	175,699
F. Other Jurisdictional Liabilities and Deferred Credits and Reserve Adjustments							
3420	Oth Juris L&DCrs 36	0	0	0	0	0	0
3421	Oth Resrv Adj 36/69	3,133	1,682	1,451	112,647	115,780	114,098
3422	CUST DEP 36/65/69	148	79	69	5,323	5,471	5,392
3423	Other Def Crs 36/69	229	123	106	8,226	8,455	8,332
3430	Tot Res & Def 36/69	60,985	36,684	24,301	1,901,358	1,962,343	1,925,659
V. Operating Revenues and Certain Income Accounts							
4033	Tot Misc 36/69	79	42	37	5,416	5,495	5,453
4040	Uncollectible 36/69	0	0	0	3,755	3,755	3,755
4050	Tot Rev Is Unc36/69	79	42	37	1,661	1,740	1,698
B. Certain Income Accounts							
1. Other Operating Income and Expenses							
4064	Tot Oth Oplnc 69	16	9	7	572	588	579
4065	#Combined Inv 69	90,738	48,728	42,010			
2. Non-Operating Income and Expenses							

**PACIFIC BELL
PART 69 ALLOCATION OF PAY TELEPHONE ELEMENT
& REVENUE REQUIREMENT DEVELOPMENT
PERIOD: 1996 \$000s**

Row	Category (a)	Total Pay (b)	Payphone Set (c)	Payphone Line (d)	BFP (e)	Total Common Line (f=b+e)	Payphone Line + BFP (g=d+e)
4070	AFUDC 36	115	62	53	4,140	4,255	4,193
4072	Soc/Comm 36	26	14	12	922	948	934
4075	#Combined Inv 69	90,738	48,728	42,010			
	Tot NonOp Inc 36/69	(89)	(48)	(41)	(3,218)	(3,307)	(3,259)
	3. Interest and Related Items						
4080	Int&Rel Items 36/69	0	0	0	0	0	0
4082	#Combined Inv 69	90,738	48,728	42,010			
	4. Extraordinary Items						
4090	Extra Items 36/69	0	0	0	0	0	0
	Tot CIE 36/69	(105)	(56)	(49)	(3,790)	(3,895)	(3,839)
	Tot Rev Ls IEF36/69	(184)	(99)	(85)	(5,451)	(5,635)	(5,536)
	VI. Operating Expenses and Taxes						
	A. Plant Specific Operating Expenses						
	1. Network Support and General Support Expenses						
5000	Network Supp 36/69	27	14	13	964	991	977
5002	#Comb Inv 69	90,738	48,728	42,010			
5010	General Supp 36/69	1,082	581	501	38,914	39,996	39,415
5012	#GSF Inv 69	14,828	7,963	6,865			
5013	Tot Sup 36/69	1,109	596	513	39,878	40,987	40,391
	2. Central Office Expenses						
5024	CO Exp 69	179	N/A	179	13,563	13,742	13,742
5025	#COE Inv 69	4,018	N/A	4,018			
	3. IOT Expenses						
5040	Tot Oth IOT 69	2,599	2,599	N/A	4,371	6,970	4,371
5041	#IOT Inv 69	40,765	40,765	N/A			
	4. C&WF Expenses						
5074	C&WF 69	1,352	N/A	1,352	102,330	103,682	103,682
5075	#C&WF Inv 69	31,127	N/A	31,127			

**PACIFIC BELL
PART 69 ALLOCATION OF PAY TELEPHONE ELEMENT
& REVENUE REQUIREMENT DEVELOPMENT
PERIOD: 1996 \$000s**

Row	Category (a)	Total Pay (b)	Payphone Set (c)	Payphone Line (d)	BFP (e)	Total Common Line (f=b+e)	Payphone Line + BFP (g=d+e)
5080	Tot Plt Spec 36/69	5,239	3,195	2,044	160,142	165,381	162,186
	B. Plant Non-Specific Operating Expenses						
	1. Other Property Plant and Equipment Expenses						
6000	Other PP&E 36/69	0	0	0	0	0	0
6002	#COE/IOT/C&WF 69	75,910	40,765	35,145			
	2. Network Operations and Access Expenses						
6010	Network Oper 36/69	2,285	1,227	1,058	82,145	84,430	83,203
6011	#COE/IOT/C&WF 36/69	75,910	40,765	35,145			
	3. Depreciation and Amortization Expenses						
	a) Depreciation and Amortization Expenses of Telecommunications Plant in Service						
6020	GSF 36/69	942	506	436	33,875	34,817	34,311
6021	#GSF 36/69	14,828	7,963	6,865			
6030-6050	COE 36/69	354	N/A	354	26,879	27,233	27,233
6031-6051	#COE 36/69	4,018	N/A	4,018			
6060	IOT 36/69	6,309	6,309	N/A	10,609	16,918	10,609
6061	#IOT 36/69	40,765	40,765	N/A			
6070	C&WF 36/69	1,554	0	1,554	117,679	119,233	119,233
6071	#C&WF 36/69	31,127	N/A	31,127			
6080	PHFTU 36/69	0	0	0	(1)	(1)	(1)
6081	#PHFTU 36/69	0	0	0			
6090	Tot Dep Plant 36/69	9,159	6,815	2,344	189,041	198,200	191,385
	b) Amortization Expenses of Tangible Assets						
	(1) Amortization Expenses of Capital Leases						
6100	GSF 36/69	9	5	4	322	331	326
6101	#GSF 36/69	14,828	7,963	6,865			
	Alloc Cap Lease 69	0	0	0			
	#TPIS 69	90,738	48,728	42,010			
6160	Tot Cap Lease 36/69	9	5	4	322	331	326
	(2) Amortization Expenses of Leasehold Improvements						

**PACIFIC BELL
PART 69 ALLOCATION OF PAY TELEPHONE ELEMENT
& REVENUE REQUIREMENT DEVELOPMENT
PERIOD: 1996 \$000s**

Row	Category (a)	Total Pay (b)	Payphone Set (c)	Payphone Line (d)	BFP (e)	Total Common Line (f=b+e)	Payphone Line + BFP (g=d+e)
6170	GSF 36/69	48	26	22	1,740	1,788	1,762
6171	#GSF 36/69	14,828	7,963	6,865			
	Alloc Cap Lease 69	0	0	0			
	#TPIS 69	90,738	48,728	42,010			
6230	Tot Leas Imp 36/69	48	26	22	1,740	1,788	1,762
6240	Tot Am Tang 36/69	57	31	26	2,062	2,119	2,088
	(3) Other Depreciation and Amortization Expenses						
6250	Intangibles 36/69	0	0	0	0	0	0
6251	#Intan Ass 36/69	0	0	0			
6252	Other 36/69	116	62	54	4,187	4,303	4,241
6253	#Assd Inv 36/69	90,738	48,728	42,010			
6254	Tot Other 36/69	116	62	54	4,187	4,303	4,241
6260	Tot Dep/Amort 36/69	9,332	6,908	2,424	195,290	204,622	197,714
6270	Tot PI NonSp 36/69	11,617	8,135	3,482	277,435	289,052	280,917
	C. Customer Operations Expenses						
	1. Marketing Expenses						
7000	Marketing 36/69	1,499	805	694	53,910	55,409	54,604
7002	#Combined Inv 69	90,738	48,728	42,010			
	2. Services Expenses						
	c) All Other Services Expenses						
	(1) Category 1 - Customer Services Expenses (Local Business Office)						
7206	EU SLC Bills 69	0	0	0	4,234	4,234	4,234
7207	EU Presub 69	436	234	202	15,677	16,113	15,879
7208	#Combined Inv 69	90,738	48,728	42,010			
7211	IC Switch & Msg 69	47	25	22	1,690	1,737	1,712
7212	#Combined Inv 69	90,738	48,728	42,010			
7214	Coin Coll & Adm 69	504	504	N/A	0	504	0
7220	Tot Cat 1 36/69	987	763	224	21,601	22,588	21,825
	(2) Category 2 - Customer Services Expenses (Revenue Accounting)						
7280	SLC 69	0	0	0	4,479	4,479	4,479

PACIFIC BELL
PART 69 ALLOCATION OF PAY TELEPHONE ELEMENT
& REVENUE REQUIREMENT DEVELOPMENT
PERIOD: 1996 \$000s

Row	Category (a)	Total Pay (b)	Payphone Set (c)	Payphone Line (d)	BFP (e)	Total Common Line (f=b+e)	Payphone Line + BFP (g=d+e)
(3) Category 3 - All Other Customer Services Expenses							
7300	Oth Cust Svc 36/69	123	95	28	3,247	3,370	3,275
7302	#Combined Exp 69	987	763	224			
7310	Tot Cust Svc 36/69	1,110	859	251	29,327	30,437	29,578
7320	Tot Cust Op 36/69	2,609	1,664	945	83,237	85,846	84,182
D. Corporate Operations Expenses							
7331	All Other 36/69	3,173	1,905	1,268	101,940	105,113	103,208
7333	#Big 3 Exp 69	10,133	6,085	4,048	325,524	335,657	329,572
E. FCC Expense Adjustment							
7350	FCC Expense Adj 36	3	2	1	110	113	111
7351	Tot Oper Exp 36/69	22,641	14,900	7,741	622,864	645,505	630,605
F. Operating Taxes							
1. State and Local Taxes							
8000	St & Lcl Inc 36/69	302	125	177	15,867	16,169	16,043
8001	#Appr Tax Inc 36/69	32,137	13,324	18,813	1,446,888	1,479,025	1,465,701
8005	Tot Oth St & Lcl 69	602	323	279	21,655	22,257	21,934
8006	#Combined Inv 69	90,738	48,728	42,010			
8007	Tot St&Lcl Tax36/69	904	448	456	37,522	38,426	37,977
2. Federal Income Tax							
a) Federal Income Tax Related Items							
8010	Fixed Charges 36/69	1,337	718	619	49,088	50,425	49,707
8012	#Combined Inv 69	90,738	48,728	42,010			
8013	IRS Inc Adj 36/69	(212)	(114)	(98)	(7,656)	(7,868)	(7,754)
8014	FCC Inc Adj 36/69	3	2	1	110	113	111
8015	ITC Amort 36/69	155	83	72	5,558	5,713	5,630
8017	#Combined Inv 69	90,738	48,728	42,010			
8018	FCC ITC Adj 36/69	0	0	0	0	0	0
b) Federal Income Tax							
8020	Fed Inc Tax 36/69	876	232	644	48,602	49,478	49,246

PACIFIC BELL
PART 69 ALLOCATION OF PAY TELEPHONE ELEMENT
& REVENUE REQUIREMENT DEVELOPMENT
PERIOD: 1996 \$000s

Row	Category (a)	Total Pay (b)	Payphone Set (c)	Payphone Line (d)	BFP (e)	Total Common Line (f=b+e)	Payphone Line + BFP (g=d+e)
8021	#Appr Tax Inc 36/69	32,137	13,324	18,813			
8030	Tot Oper Tax 36/69	1,780	681	1,099	86,124	87,904	87,223
VII. Return Data							
8040	Average Net Invest	32,137	13,324	18,813	1,446,888	1,479,025	1,465,701
8041	Net Return	3,615	1,499	2,116	162,775	166,390	164,891
8042	Rate of Return %	0.1125	0.1125	0.1125	0.1125		
TOTAL REVENUE REQUIREMENT		27,852	16,981	10,872	866,312	894,164	877,183

Pacific Bell
Interstate Factor Development, Pt 1

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Values Shown Underlie 1996 ARMIS 43-04

SUBJECT TO SEPARATIONS	1997	1998
RATE BASE		
1 Acct 2001 - Plant in Service	25,694,381,730	25,694,381,730
2 Acct 2002 - Plant Held Future Use	98,829	98,829
3 Acct 2003 - Construction Short Term	588,583,912	588,583,912
4 Acct 2005 - Plant Acquisition Adj	(26,155)	(26,155)
5 Acct 1220 - Inventories	50,170,191	50,170,191
6 Acct 1439 - Other Deferred Charges	0	0
7 FCC Inv Adj incl CWC	#N/A	#N/A
8 Acct 3100/3200 - Depreciation Rsv	11,798,738,295	11,798,738,295
9 Acct 3400 - Amortization Rsv	146,598,333	146,598,333
10 Acct 4100/4340 - Def Tax Rsv	1,695,249,559	1,695,249,559
11 Acct 4310	988,772,834	988,772,834
EXPENSE & OTHER TAX		
14 Plant Specific Exp (61XX-64XX)	1,270,854,111	1,270,854,111
15 Plant Non-Specific (651X-654X)	713,526,657	713,526,657
16 Marketing (661X)	413,001,571	413,001,571
17 Services (662X)	845,275,564	845,275,564
18 Corporate w/o EA (67XX)	1,027,485,488	1,027,485,488
19 Other (7370)	8,453,432	8,453,432
20 Expense excl Depreciation (14T19)	4,278,596,823	4,278,596,823
21 FCC Expense Adjustment	#N/A	#N/A
22 Depreciation (656X)	1,813,533,864	1,813,533,864
23 Total Expense (20T22)	#N/A	6,092,130,687
24 Other Tax (7240)	162,587,354	162,587,354
25 EXPENSE & OTHER TAX (23+24)	#N/A	6,254,718,041
TAX ADJUSTMENTS		
26 Fixed Charges (75XX)	380,258,972	380,258,972
27 IRS Income Adjustments	60,872,624	60,872,624
28 CCFT Income Adjustments	12,104,189	12,104,189
29 Investment Tax Credit (7210)	43,360,530	43,360,530

Pacific Bell
Interstate Factor Development, Pt 2

Values Shown Underlie 1996 ARMIS 43-04 + Pay Tel Adj

TOTAL INTERSTATE BFP	1997	1998
RATE BASE		
1 Acct 2001 - Plant in Service	3,330,780,000	3,330,780,000
2 Acct 2002 - Plant Held Future Use	13,000	13,000
3 Acct 2003 - Construction Short Term	76,417,000	76,417,000
4 Acct 2005 - Plant Acquisition Adj	(3,000)	(3,000)
5 Acct 1220 - Inventories	7,568,000	7,568,000
6 Acct 1439 - Other Deferred Charges	0	0
7 FCC Inv Adj incl CWC	#N/A	#N/A
8 Acct 3100/3200 - Depreciation Rsv	1,615,666,000	1,615,666,000
9 Acct 3400 - Amortization Rsv	16,917,000	16,917,000
10 Acct 4100/4340 - Def Tax Rsv	165,255,000	165,255,000
11 Acct 4310	112,647,000	112,647,000
12 FCC Reserve Adj	#N/A	#N/A
13 RATE BASE (FCC 492 Basis)	#N/A	#N/A
EXPENSE & OTHER TAX		
14 Plant Specific Exp (61XX-64XX)	162,186,000	162,186,000
15 Plant Non-Specific (651X-654X)	83,203,000	83,203,000
16 Marketing (661X)	54,604,000	54,604,000
17 Services (662X)	29,578,000	29,578,000
18 Corporate w/o EA (67XX)	103,208,000	103,208,000
19 Other (7370)	934,000	934,000
20 Expense excl Depreciation (14T19)	433,713,000	433,713,000
21 FCC Expense Adjustment	#N/A	#N/A
22 Depreciation (656X)	197,714,000	197,714,000
23 Total Expense (20T22)	#N/A	#N/A
24 Other Tax (7240)	21,934,000	21,934,000
25 EXPENSE & OTHER TAX (23+24)	#N/A	#N/A
TAX ADJUSTMENTS		
26 Fixed Charges (75XX)	49,596,000	49,596,000
27 IRS Income Adjustments	7,754,000	7,754,000
28 CCFT Income Adjustments	2,887,445	2,887,445
29 Investment Tax Credit (7210)	5,630,000	5,630,000